

SUMMARY ANALYSIS OF AMENDED BILLAuthor: Budget & Fiscal Review Committee Analyst: Rachel Coco Bill Number: SB 1052Related Bills: See Prior Analysis Telephone: 845-4328 Amended Date: April 1, 2004Attorney: Patrick Kusiak Sponsor: _____**SUBJECT:** Natural Heritage Preservation Credit/Prohibit Awarding Of Credits Between July 1, 2002, & June 30, 2005

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED

☒ February 18, 2004, STILL APPLIES.☒ OTHER - See comments below.**SUMMARY**

This bill would prohibit the issuance of Natural Heritage Preservation tax credits, unless the General Fund (GF) is reimbursed for the amount of revenue loss attributable to the credit.

SUMMARY OF AMENDMENTS

The April 1, 2004, amendments removed language that would have limited the period in which the Natural Heritage Preservation tax credits may be awarded and claimed.

The April 1, 2004, amendments added language that would allow the Wildlife Conservation Board (WCB) to award tax credits between July 1, 2002, and June 30, 2005, but only if the GF is reimbursed for the amount of revenue lost by the credit.

In addition, the amendments added language that would make the bill an urgency statute.

As a result of the amendments, the department has identified an implementation concern. In addition, the "Effective/Operative Date," "This Bill," and "Revenue Impact" discussions of the bill as amended February 18, 2004, have been revised and are included below.

The remainder of the analysis of the bill as amended February 18, 2004, still applies.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

4/20/2004

EFFECTIVE/OPERATIVE DATE

As an urgency measure, this bill would be effective and operative immediately upon enactment.

POSITION

Pending.

THIS BILL

The WCB currently has the authority to issue \$100 million in Natural Heritage Preservation tax credits, of which \$63 million remains, through fiscal year 2004/2005. This bill would allow the WCB to award the remaining credits until June 30, 2005, but only if the GF is reimbursed for the amount of revenue lost by the tax credits awarded. The bill states that the reimbursement shall be made using revenue sources other than the GF.

The bill would specify that if a credit is approved, but the WCB is unable to award the credit because reimbursement funds are unavailable, the taxpayer would remain eligible for the credit if funds become available prior to June 30, 2005. The bill states that the taxpayer would remain eligible to receive the credit without having to resubmit an application.

This bill would specify that the tax credit would be available for contributions of property made no later than June 30, 2005.

IMPLEMENTATION CONCERN

This bill would require the GF to be reimbursed for the amount of all lost revenue resulting from the award of the credit. However, it is unclear how that information would be obtained by the WCB since taxpayer information, including the amount of a credit claimed by a taxpayer, is confidential. Under current disclosure laws, the department is prohibited from sharing taxpayer information in regard to the amount of credits claimed by taxpayers.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following General Fund revenue savings:

General Fund Impact * (\$ Millions)					
Fiscal Year	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Savings	+\$13	+\$12.5	+\$12.5	+\$12.5	+\$12.5

* This multi-year pattern reflects an average carryover period of five years under current law for tax credits reported on returns.

This bill does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Revenue Discussion

The Natural Heritage Preservation Tax Credit Act of 2000 set aside \$100 million dollars for the preservation of qualified property. Actual allocations of tax credits totaled \$37 million for 2001 and 2002. The remaining \$63 million has yet to be allocated. Under this bill, the WCB would be required to reimburse the GF for any revenue lost due to new tax credits it awards. Thus, the estimate above reflects a savings attributed to the remaining \$63 million being reimbursed to the GF. (\$63 million divided by 5 fiscal years (average carryover period) = \$12.5).

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